

**INTERSTATE 564 INTERMODAL CONNECTOR
PROJECT R000-122-108**

Initial Financial Plan

LETTER OF CERTIFICATION

The Federal Highway Administration (FHWA), Eastern Federal Lands Highway Division has developed a comprehensive Financial Plan for the I-564 Intermodal Connector Project in accordance with the requirements of Section 106, Title 23, and the Financial Plan Guidance issued by the Federal Highway Administration. The plan provides detailed cost estimates to complete the project and the estimates of financial resources to be utilized to fully finance the project.

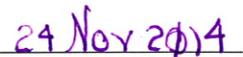
The cost data in the Financial Plan provides an accurate accounting of costs incurred to date and includes a realistic estimate of future costs based on engineer's estimates and expected construction cost escalation factors. While the estimates of financial resources rely upon assumptions regarding future economic conditions and demographic variables, they represent realistic estimates of available resources to fully fund the project.

The FHWA believes it provides an accurate basis upon which to schedule and fund the I-564 Intermodal Connector Project. The FHWA will review and update the Financial Plan on an annual basis.

To the best of FHWA's knowledge, the Financial Plan as herein submitted, fairly and accurately presents the financial position of the I-564 Intermodal Connector Project, including cash flows and expected conditions for the project's life cycle. The financial forecasts in the Financial Plan are based on the FHWA's judgment of the expected project conditions and the expected course of action. The FHWA believes that the assumptions which underlie the Financial Plan are reasonable and appropriate. Further, the FHWA has made available all significant information relevant to the Financial Plan. To the best of FHWA's knowledge, the documents and records supporting the assumptions are appropriate.



Division Engineer
Eastern Federal Lands Highway Division



Date

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**INTERSTATE 564 INTERMODAL CONNECTOR
PROJECT R000-122-108**

FINANCIAL PLAN

NOVEMBER 2014

FEDERAL HIGHWAY ADMINISTRATION
EASTERN FEDERAL LANDS
HIGHWAY DIVISION

VIRGINIA
DEPARTMENT OF TRANSPORTATION

And

UNITED STATES
DEPARTMENT OF THE NAVY



**FEDERAL HIGHWAY ADMINISTRATION
EASTERN FEDERAL LANDS HIGHWAY DIVISION
VIRGINIA DEPARTMENT OF TRANSPORTATION
UNITED STATES DEPARTMENT OF THE NAVY
FINANCIAL PLAN
INTERSTATE 564 INTERMODAL CONNECTOR
PROJECT R000-122-108**

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INTRODUCTION

The Department of the Navy is authorized to enter into an agreement with the Commonwealth of Virginia, Virginia Department of Transportation (VDOT) and the Department of Transportation, Federal Highway Administration, Eastern Federal Lands Highway Division (EFLHD) pursuant to 10 U.S.C. § 5001 *et seq.* and is the agency with administrative jurisdiction, custody, and control over the Naval Base. These agencies have agreed to jointly participate in the environmental planning, design, and construction of transportation improvements consisting of (1) a four-lane divided connector from Interstate 564 to the Naval Base and to the Norfolk International Terminal (I-564 Connector), including reconstruction and realignment of existing transportation facilities, and (2) other transportation improvements and construction on Naval Station Norfolk (NSN) and Naval Support Activity Hampton Roads (NSA HR).

The Commissioner of Highways, acting pursuant to the decision of the Commonwealth Transportation Board, is authorized to enter into a memorandum of agreement pursuant to §§ 33.1-12 and 33.1-13 of the Code of Virginia. VDOT is the state agency with administrative oversight, maintenance, and jurisdictional authority for I-564.

23 U.S.C. § 308(a) authorizes the EFLHD to perform engineering and other services in connection with the survey, design, construction, and improvements of highways for other federal or state cooperating agencies.

Project Background

VDOT and the Navy entered into a Memorandum of Agreement, dated June 28, 2006, for the I-564 Intermodal Connector, Route 337 Underpass (Back Gate and Front Gate) and Fleet Recreation Park, and amended Appendix A of such Memorandum of Agreement on December 21, 2012, which, among other things, described elements of consideration to be provided by the Commonwealth to the Navy for certain rights of way and other interests in land necessary to construct transportation projects listed in section 2858(d) of the FY 2000 National Defense Authorization Act.



The focus of the special legislation and the 2006 Memorandum of Agreement is the transfer to the Commonwealth of Virginia interests in real property required for construction of a new I-564 Intermodal Connector, in exchange for which VDOT would construct a relocated Gate 6 and Air Terminal Interchange (future project by VDOT), and relocate or mitigate other Navy facilities and infrastructure that would be affected by construction. The primary roadway improvements would include a new four-lane divided highway corridor, a relocated Gate 6 for NSN, and a reconfigured commercial vehicle inspection station also for NSN, as well as a proposed new air terminal interchange (ATI) connecting NSN, Private Public Venture (PPV) housing and NSA HR to I-564. Construction of these roadway improvements would improve traffic flow in the region. Navy facilities and infrastructure that would be impacted by the construction would be relocated or mitigated by VDOT.

The Navy and VDOT agreed that EFLHD, using funds provided by VDOT, would design and/or construct the transportation improvements related to the Project (I-564 Connector and related

transportation improvements) and the transportation improvements on the Naval Base.

Project Description

The Interstate 564 Intermodal Connector limits are located from existing Interstate 564 in the area of Terminal Blvd on the east to the NSN (Gate 6) and Norfolk International Terminals (NIT) on the west, representing approximately 2.82 miles of new four-lane limited access highway, and a reconfigured commercial vehicle inspection station for NSN. Proposed improvements include, but are not limited to, construction of I-564 interchange, bridges and local connectors, stormwater management areas and other infrastructure associated with the I-564 Intermodal Connector. Improvements will be designed and constructed such that they do not preclude the construction of a future ATI or Navy access to the future Patriot's Crossing. In addition, the project includes improvements on NSN, NSA HR and NIT. Adjustments and tie-ins will also be required at the interface with the Virginia Port Authority (VPA) and Norfolk Southern (NS) Railroads. The project includes, but is not limited to:

- (a) **I-564 Intermodal Connector:** - Design and construction of four through traffic lanes, including shoulders and a median, off-bound and on-bound ramps, bridges and overpasses, lighting, signage, intelligent transportation systems, stormwater management facilities and a secure access ramp from Gate 6.
- (b) **Bridges:** - Design and construction of new bridge(s) and/or major culvert(s) required by the project at Hampton Boulevard, Boush Creek, and Ramp C (Existing I-564).
- (c) **Relocated Rail line:** - Design and construction of a shared Relocated NS and VPA Railroad on the south side of I-564 Intermodal Connector alignment near Ingersol Road adjacent to NSA HR.
- (d) **Relocated Patrol Road:** - Design and construction of access to the Navy's Air Terminal Building and a relocated Patrol Road including the Navy's perimeter fence from the Terminal Blvd Interchange to north of Building LP5A south of the runway.
- (e) **Commercial Vehicle Inspection Station (CVIS):** -Design and construction of site improvements and a secure access ramp to the Bridge over Hampton Boulevard to accommodate a relocation of the CVIS. Off ramps will be constructed from the I-564 Intermodal Connector to the CVIS area located east of Hampton Blvd adjacent to the Fleet Recreation Center and Pass Office. Construction includes a secured truck lane from the CVIS area to the Bridge over Hampton Boulevard, site and utility infrastructure, security fencing and gates, utility relocations, ATFP barriers, demolition of existing CVIS, egress road to Hampton Blvd and associated site improvements. The Navy will construct the vertical CVIS facility.
- (f) **Ingersol Road:** -Design and construction for relocating a portion of Ingersol Road between the Camp Allen Mess Hall and the Water Treatment Facility.

For all work on Navy property, the Navy and EFLHD agreed to divide up the scope of the mitigation work and associated project administration between their respective agencies. The type of work and its location on Navy property (behind security perimeters) was considered in the determination of which agency should administer each item of work. EFLHD agreed to enter into a reimbursable Economy Act Interagency agreement with the Navy to provide funding for the design, engineering, construction, and administrative costs associated with the Navy work. The contract administration responsibilities and the preliminary budgets summarized in Table 1 were included in Appendix D of the Memorandum of Agreement between VDOT, the Navy, and EFLHD (dated May 2, 2013).

**Table 1: EFLHD-Navy Contract Administration Responsibilities
(Appendix D, Tri-Party MOA, dated 5/2/13)**

Proposal for I564 Intermodal Connector Project Scope on Norfolk Naval Station		Preliminary Budget
Navy	EFLHD	
ECP Gate 6		\$13,370,000.00
2nd St		\$2,895,000.00
D St Utility Relocations from interchange east towards Hampton Blvd. Work split approx 50%	<i>D St Utility Relocations from interchange east towards Hampton Blvd. Work split approx 50%</i>	\$1,000,000.00(EFL) \$1,000,000.00(Navy)
C St Extension		\$460,000.00
Tank Fire System Relocation		\$200,000.00
CEP 210 Demo		\$500,000.00
	<i>CVIS access to Hampton Blvd</i>	<i>\$750,000.00</i>
	<i>CVIS Area roadways, parking/infrastructure, Pass Office parking area, plus security</i>	<i>\$5,250,000.00</i>
CEP 41 Demo		\$500,000.00
CEP 41 Parking Lot		\$1,500,000.00
CEP 87 Bldg Renovation		\$3,535,000.00
CEP 113 Drive/Parking		\$480,000.00
CEP 10 Drive		\$110,000.00
South Wall Storage Relocation		\$600,000.00
ASOS Relocation		\$500,000.00
Communication Line Relocation		\$7,000,000.00
	<i>Patrol Road Relocation, Air Terminal Driveway and parking</i>	<i>\$5,000,000.00</i>
	<i>Ingersoll Rd/rec parking area</i>	<i>\$1,000,000.00</i>
Storage Building and trailers to be relocated. FRP21, 48, 49, 64, & 65 (includes two building demolitions and relocating of personnel and equipment)		\$750,000.00
	<i>South Wall Box Culvert</i>	<i>\$1,000,000.00</i>
	<i>FRP Sewer Pump Station Relocation</i>	<i>\$200,000.00</i>
	<i>Boush Creek Power Line Relocation</i>	<i>\$1,500,000.00</i>
IR Monitoring Wells Relocated		\$50,000.00

Note: Preliminary budgets shown in italics under EFLHD are included in the design-build contract

In addition to the preliminary budget amounts shown for the Navy administered items, the cost for all Navy design activities, oversight of the overall I-564 Project and their individual project contracts was included in the reimbursable agreement between EFLHD and the Navy. These costs are as follows:

Navy Design, PE & CE – All Design Activities and Direct Contract Oversight	\$5,539,857.00
Navy PE & CE – I-564 Project Oversight	\$1,513,980.00

Including the design and oversight, the total cost of the reimbursable Economy Act Agreement between the Navy and EFLHD is \$40,503,837. This agreement will be executed in three installments in order to advance certain project work, while tracking the individual project budgets for underruns that could be used for other projects within the overall scope. As part of the agreement, EFLHD retains stewardship and oversight responsibilities for any funding provided to the Navy for their work.



Figure 1 - Project Overview

CHAPTER 1: PROJECT COST ESTIMATE

In Table 2 below, the current program cost estimate for the I-564 Intermodal Connector Project is broken down by activity and fiscal year. All actual expenditures will be included with each update, and those incurred by VDOT prior to FY 2013 are included in FY 2013 as actual costs.

Table 2: Estimated Program Cost by Activity and Federal Fiscal Year

ACTIVITY	≤ 2013*	2014*	2015	2016	2017	TOTAL
Preliminary Eng & NEPA (VDOT)#	\$9,224,981	\$84,518	\$200,000	\$200,000	\$100,000	\$9,809,499
ROW#	\$3,047,582	\$501,044	\$12,000,000	\$2,420,000	\$0	\$17,968,626
Navy Site Work/ Mitigation & Oversight	\$16,025,742	\$6,848,574	\$17,629,521	\$0	\$0	\$40,503,837
Construction**	\$0	\$92,700,000	\$0	\$0	\$0	\$92,700,000
Contingencies	\$0	\$0	\$3,656,234	\$0	\$0	\$3,656,234
Railroad Agreements	\$0	\$600,000	\$0	\$0	\$0	\$600,000
Design & Construction Eng/Oversight (EFL)#	\$34,479	\$416,852	\$1,500,000	\$1,500,000	\$448,669	\$3,900,000
TOTAL PROGRAM COST	\$28,332,784	\$101,150,988	\$34,985,755	\$4,120,000	\$548,669	\$169,138,196

Note: Costs that may be incurred by VDOT and the Navy are included in estimates above.

*Costs prior to and including FY 13&14 are actual expenditures funded by VDOT per the Six Year Impr. Program (2014 SYIP)

**Construction line item includes utility costs and EFLHD scope items for the Navy mitigation

#Costs shown are the updated EFLHD and VDOT amounts for PE, CE, and ROW (Oct 2014)

The current total estimated program cost to construct the I-564 Intermodal Connector Project in year of expenditure dollars is approximately \$169 Million. Some Program costs in the table may include a combination of funding sources. See Table 3 for the breakdown of the funding types being used throughout the Project. The updated program cost includes the initial funding (\$75,000.00) provided by the VDOT to complete procurement and environmental compliance activities, as well as an approximate 2% contingency for potential contract modifications or other needs in the future. The EFLHD design and construction oversight is calculated as approximately 3.5% of the contract value. On EFLHD design-build contracts, this is typically 15%; however, given the large contract value and the dual role of EFLHD and VDOT providing design and construction reviews, this % has been adjusted down. This is based on historical oversight numbers from other EFLHD-VDOT projects.

In June 2012, VDOT's design consultant prepared a construction cost estimate for the preferred alternative of the I-564 Intermodal Connector during the preliminary design stage. This estimate was based on the preferred alternative. In March 2013, EFLHD prepared an Independent Government Estimate (IGE), which included the updated costs for the Navy site work/mitigation. At that time, the estimated total program cost was \$198.5 Million; however, lower bid prices for the construction line item were realized through the design-build procurement process (best value) and the total program cost has decreased to \$169 Million. This program cost is a decrease from what was shown as the total estimate in the VDOT SYIP - \$189.1M, but matches the total funding allocated by VDOT to date.

CHAPTER 2: IMPLEMENTATION PLAN

The Navy, EFLHD, and VDOT have completed the appropriate agreements, National Environmental Policy Act (NEPA) studies and documentation for the I-564 Intermodal Connector Project. This process included the following:

- ✓ Preparation of a Memorandum of Agreement between the Virginia Department of Transportation and the Department of the Navy, Mid-Atlantic Region for the I-564 Intermodal Connector, Route 337 Underpass (Front and Back Gate), and Fleet Recreation Park, on June 28, 2006.
- ✓ Preparation of an Amendment to Appendix A of the Memorandum of Agreement between the Virginia Department of Transportation and the Department of the Navy, Mid-Atlantic Region for the I-564 Intermodal Connector, Route 337 Underpass, and Fleet Recreation Park, on December 21, 2012.
- ✓ Preparation of an Environmental Assessment (EA) for the Transfer of Interests in Real Property of the United States to the Commonwealth of Virginia for Highway Construction in Norfolk, VA by the Department of the Navy. The EA was completed February 2013 and the issuance of the Finding of No Significant Impact (FONSI) by the Navy on February 20, 2013.
- ✓ Notice of Adoption and Decision of the EA prepared by the Navy for the Transfer of Interests in Real Property of the United States to the Commonwealth of Virginia for Highway Construction in Norfolk, VA by the Eastern Federal Lands Highway Division, Federal Highway Administration. This Notice was completed in February 2013, and the issuance of the Finding of No Significant Impact (FONSI) by Eastern Federal Lands Highway Division, Federal Highway Administration on February 28, 2013.
- ✓ Preparation of a Memorandum of Agreement between the Department of the Navy, Virginia Department of Transportation, and Eastern Federal Lands Highway Division, Federal Highway Administration for the Design and Construction of the I-564 Intermodal Connector and Other Related Improvements, May 2, 2013.

A two-phase design-build process was chosen as the preferred delivery method for the I-564 Intermodal Connector Project. The Request for Qualifications (RFQ) was issued on April 23, 2013 to interested bidders, with statements of qualifications (SOQs) due on May 23, 2013. An evaluation panel reviewed the SOQs, evaluated them against the selection criteria, and developed a shortlist of design-build teams that would move forward to the next phase of the procurement. These 5 teams were provided the Request for Proposal (RFP) on August 5, 2013. Technical and Cost Proposals were submitted, along with the holding of oral presentations by the shortlisted teams, in October 2013. A best value analysis was completed and the design build contract was awarded to Cherry Hill Construction on February 10, 2014. In order to look at the feasibility of providing a design for the I-564 interchange that would be more compatible with the future projects in this region (Patriot's Crossing and the ATI), a contract modification (CM) was executed for the design fees associated with the development of an I-564 Interchange Alternate Technical Concept (ATC) to be developed to a technical proposal level (15% Design). This alternate concept was originally submitted for the Government's consideration by the design build team in their Technical Proposal during the procurement process; however, after further review, the considerable cost of this ATC is beyond available funding levels and will not be pursued. Construction activities for the project are expected to be completed in Summer 2017. Exhibit 1 shows the project timeline.

Exhibit 1: Project Timeline

**I-564 Intermodal Connector - PROJECT R000-122-108
Design(Construction Timeline (October 2014)**

Project/Description	FY 13				FY14				FY 15				FY 16				FY 17			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Environmental Assessment	█	█																		
Interchange Justification Report	█	█	█																	
Design-Build Procurement			█	█	█	█														
564 Mainline Design Phases					█	█	█	█	█	█	█	█								
564 Mainline Construction Phases												█	█	█	█	█	█	█	█	█
Navy Design Phases					█	█	█	█	█	█	█									
Navy Construction Phases												█	█	█	█	█	█	█	█	█
Utility Relocations												█	█	█	█	█				



Assumptions:

1. Design and construction will be broken into phases/stages depending on technical proposal submitted for awarded design-build
2. Project Completion date is projected as June 1, 2017.

**Project Completion in
June 2017
Open to Traffic**

CHAPTER 3: PROJECT FUNDING

The Navy and VDOT have agreed that EFLHD, using funds provided by VDOT, will design and/or construct the transportation improvements related to the Project (I-564 Connector and related transportation improvements) and a portion of the transportation improvements on the Naval Base. 23 U.S.C. § 104(k)(3) authorizes the EFLHD, at the request of VDOT, to transfer funds apportioned or allocated under Title 23, United States Code, for the purpose of funding one or more projects that are eligible for assistance under such title.

VDOT reasonably expects to have available \$169,138,196 in the Commonwealth Transportation Board's "2013-2018 Six-Year Improvement Program" for design, right-of-way acquisition, utility relocation and construction of the Project. As of August 1, 2014 VDOT has expended \$12,858,125 of these funds on preliminary engineering, environmental activities, right of way acquisition, and administrative costs leaving a balance of \$156,280,071. Some of this remaining balance will need to be expended by VDOT to cover costs for acquisition of property not owned by the Navy, and administrative costs. Additionally, any and all future costs for tasks assigned to VDOT, as identified in the MOA, should also be deducted from the remaining balance of these and other funds.

EFLHD is responsible for compliance with the National Environmental Policy Act (NEPA), project administration, preliminary and final engineering and design, right of way coordination/support services, inspection, construction, utilities, and managing the Federal and State funds transferred to EFLHD for the Project. VDOT will be responsible for acquiring the right-of-way for the Project using project funds.

The Navy is authorized to enter into an MOA pursuant to 10 U.S.C. § 5001 *et seq.* and is the agency with administrative jurisdiction, custody, and control over the Naval Base. The Navy, using funding provided by VDOT through an agreement with EFLHD, will provide contract administration for the site work/mitigation projects identified in Table 1.

Funding Sources and Identified Uses

VDOT performed the preliminary design for the project and agreed to provide funding to EFLHD in an amount not to exceed \$75,000 in order to fund all initial EFLHD efforts on the Project until such time as the long term funding could be transferred to EFLHD. These funds were for all activities related to the coordination and preparation of federal environmental documentation (including National Environmental Policy Act, National Historic Preservation Act and US DOT Section 4(f)), and the procurement activities for award of a design build contract.

A portion of the long term Project Funds were provided by the Commonwealth through the flexing of a combination of federal funds and the reimbursement of State match and other State funds. VDOT made available to EFLHD the available Federal portion of the Project Funds provided by the Commonwealth in the 2013-2018 Six-Year Improvement Program, or any subsequent Six-Year Improvement Program. The State funds shall be used by EFLHD and the Navy, via a reimbursable Economy Act (31 USC 1535) agreement between EFLHD and the Navy, for costs related to meeting federal requirements as well as for the design and the construction of the Project. Costs shall include, but are not limited to, planning; surveying; engineering; preparation of the environmental and geotechnical documentation, permits, and other clearances; relocation of utilities; acquisition of right-of-way and/or easements, construction, construction engineering, and contract administration. VDOT, within 30 days of receipt of invoices for actual work performed by EFLHD, will provide the required state funds from Project funds provided by the Commonwealth, and the EFLHD will obtain authority to expend reimbursable funds in order to support the remaining portion of the obligation for the

contract(s). VDOT will make the remaining Project Funds provided by the Commonwealth available for each phase of the design and construction of the Project through an invoicing system acceptable to VDOT and the EFLHD.

The VDOT-EFLHD funding transfer summary for the Project is as follows:

Table 3: Funding Transfer Summary

FUNDING SOURCE	Amount
<u>FEDERAL FUNDS: DIRECT TRANSFER</u>	
FY2005 TRANSPORTATION IMP PRJ	\$3,056,594
FY2006 TRANSPORTATION IMP PRJ	\$6,373,620
FY2007 TRANSPORTATION IMP PRJ	\$8,516,621
FY2008 TRANSPORTATION IMP PRJ	\$8,547,000
FY2009 TRANSPORTATION IMP PRJ	\$1,066,371
FY2005 HIGH PRIORITY PROJ SEC 1702	\$410,400
FY2006 HIGH PRIORITY PROJ SEC 1702	\$413,424
FY2007 HIGH PRIORITY PROJ SEC 1702	\$441,948
FY2008 HIGH PRIORITY PROJ SEC 1702	\$443,520
FY2009 HIGH PRIORITY PROJ SEC 1702	\$440,060
FY2003 NHS - TEA21	\$635,768
FY2003 HIGH PRIORITY PROJECTS - TEA21	\$2,780,458
FY1997 INNOVATIVE PROJECTS	\$166,214
FY2009 NHS - NATIONAL HIGHWAY SYS	\$1,465,016
FY2012 NHS - NATIONAL HIGHWAY SYS S-LU EXT	\$2,400,377
Subtotal	\$37,157,391
<u>STATE FUNDS: REIMBURSABLE AGREEMENT</u>	
Interstate: NHS State Match (CNB044)	\$1,169,680
Bond Proceeds - Capital Projects Revenue (CNB267)	\$105,300,962
SAFETEA-LU Earmarks: TIP Bond Match-Interstate (CNB286)	\$3,904,577
SAFETEA-LU Earmarks: HPP-R Match-Interstate (CNS243)	\$537,338
SAFETEA-LU Earmarks: TIP Match-Interstate (CNS243)	\$3,139,010
Subtotal	\$114,051,567
<u>STATE FUNDS: INITIAL REIMBURSABLE AGREEMENT</u>	
Priority Transportation Funds (CNS246)	\$75,000
TOTAL FUNDING	\$151,283,958

The remaining project funds were retained by VDOT to cover their costs for design and construction oversight, and the coordination efforts for right of way activities.

Funding Received

VDOT and EFLHD executed an Interagency Reimbursable Agreement in an amount not to exceed \$75,000 in order to fund all initial EFLHD efforts on the Project until such time as the long term funding could be transferred to EFLHD. Upon execution of the MOA between the Navy, VDOT and EFLHD, an FHWA Transfer Request was executed to transfer the \$37,157,391 in Federal funds from VDOT to EFLHD. In addition, VDOT and EFLHD executed a 2nd Interagency Reimbursable Agreement in an amount not to exceed \$114,051,567 utilizing programmed state funds in order to fund all remaining EFLHD, VDOT, and Navy efforts on the Project, including the award of a design build contract and execution of a reimbursable agreement between the Navy and EFLHD.

In accordance with the procedures outlined in the MOA and based on the reimbursable agreements, EFLHD will obtain reimbursable authority each fiscal year in accordance with a preliminary budget submitted for approval to FHWA-HQ in June 2013. Since then EFLHD has requested and received updated reimbursable authority amounts for fiscal years 2013 and 2014. Unspent authority is returned to FHWA HQ at the end of each fiscal year, with a new request made for the next fiscal year.

Each month, the Navy will invoice EFLHD through the Department of the Treasury's Interdepartmental Payment and Collection (IPAC) system, and EFLHD will review and pay the invoice within 30 days of receipt. In addition, each month the FHWA Budget Office will invoice VDOT through the IPAC system and VDOT will pay that invoice within 30 days of receipt. The invoices from EFLHD to VDOT will include all EFLHD and Navy costs for that period. At the completion of the Project, any unexpended funds will be returned to VDOT.

Project Expenditures

As of August 1, 2014, \$17,036,915 in expenditures have been incurred on the I-564 Intermodal Connector Project. Expenditures of \$375,493 were incurred by EFLHD for environmental compliance, project management, and procurement activities. Expenditures of \$12,858,125 by VDOT are shown in the Preliminary Engineering and NEPA line item and were incurred by VDOT and the Navy for their design consultant and all associated design work, preparation of the Environmental Assessment, and overall project coordination. Table 5 below provides a summary of the actual project expenditures. This does not include obligations made against the available funds. All expenditures prior to FY 2013 for the project are being included in 2013, and the FY 2014 costs are as of August 1, 2014. A breakdown of expenditures, sorted by funding type, is provided in Table 6 under the Project Funding Analysis.

Table 5: Total Project Expenditures

ACTIVITY	≤ 2013	2014	2015	2016	2017	TOTAL
Preliminary Eng & NEPA (VDOT)	\$9,224,981	\$84,518	\$0	\$0	\$0	\$9,309,499
ROW (VDOT)	\$3,047,582	\$501,044	\$0	\$0	\$0	\$3,548,626
Navy Site Work/ Mitigation & Oversight	\$0	\$669,847	\$0	\$0	\$0	\$669,847
Construction	\$0	\$3,133,450	\$0	\$0	\$0	\$3,133,450
Railroad Agreements	\$0	\$0	\$0	\$0	\$0	\$0
Design & Construction Eng/Oversight (EFL)	\$34,479	\$341,014	\$0	\$0	\$0	\$375,493
TOTAL COST	\$12,307,042	\$4,729,873	\$0	\$0	\$0	\$17,036,915

CHAPTER 4: PROJECT FUNDING COMMITMENTS

EFLHD expects to have sufficient revenues available for the I-564 Intermodal Connector Project to meet project expenditures as they occur. Depending on the actual expenditures associated with the EFLHD and Navy contracts and related bid results/contract modifications, additional funding or a reduction in project scope may be required. Table 6 compares the availability of anticipated project funding with the schedule of project obligations and expenditures for each funding type. These expenditures and obligations are against all the project funding, including funding that has been transferred to EFLHD and the VDOT funds not transferred. This will help to demonstrate the availability of funding over the life of the project. Costs shown in 2015-2017 are planned expenditures and obligations, and will be updated with actual costs as the Financial Plan is updated each year.

Table 6: Project Funding Analysis –Expenditures and Obligations

REVENUES	2013	2014	2015	2016	2017
-VDOT PE&ROW	\$17,854,238	\$0	\$0	\$0	\$0
-Federal Funds (EFL)	\$37,157,391	\$0	\$0	\$0	\$0
-State Funds (EFL Reimbursable Authority)	\$114,126,567	\$0	\$0	\$0	\$0
CARRYOVER	\$0	\$19,805,412	\$39,680,117	\$8,350,596	\$4,230,596
TOTAL AVAILABLE	\$169,138,196	\$19,805,412	\$39,680,117	\$8,350,596	\$4,230,596
EXPENDITURE/ OBLIGATION			PLANNED	PLANNED	PLANNED
-VDOT PE&ROW	\$12,272,563	\$585,562	\$12,200,000	\$2,620,000	\$100,000
-Design-Build Contracts/Agmts	\$121,000,000	(\$27,725,693)	\$0	\$0	\$0
-Navy Site Work/Mitigation	\$16,025,742	\$6,848,574	\$17,629,521	\$0	\$0
-PE/CE/Proj Mgmt	\$34,479	\$416,852	\$1,500,000	\$1,500,000	\$448,669
CARRY FORWARD	\$19,805,412	\$39,680,117	\$8,350,596	\$4,230,596	\$3,681,927

*Negative cash flow shown in FY14 represents a de-obligation of funds on the design-build contract. This is due to a lower contract award amount than what was obligated in FY 13 according to the Independent Government Estimate.

CHAPTER 5: OTHER FACTORS

Funding Limitations

The requirement of the EFLHD to expend, pay, or reimburse any funds for this Project is subject to the availability of appropriated funds, and nothing in this Financial Plan shall be interpreted to require obligations or payments by the FHWA in violation of the Anti-Deficiency Act, 31 U.S.C. 1341.

VDOT's obligation to expend, pay, or reimburse any funds under this Financial Plan is subject to the availability of appropriations by the Virginia General Assembly, and allocations by the Commonwealth Transportation Board; and are governed by the Memorandum of Agreement between the Virginia Department of Transportation, Department of the Navy, and Eastern Federal Lands Highway Division, Federal Highway Administration for the Design and Construction of the I-564 Intermodal Connector and Other Related Improvements, May 2, 2013.

Uncommitted Funding Mitigation Strategy

Currently, as budgeted and shown in the 2014 SYIP, there are sufficient funds to complete the I-564 Intermodal Connector Project. The award of the design-build contract increased the available funding due to the lower contract award amount, when compared to the Independent Government Estimate (see Table 6). Other cost numbers may change depending on the budget numbers estimated for the Navy contracts, utility relocations, right of way acquisition costs, and contingencies. These items, as well as the rest of the Program, will continue to be tracked and analyzed throughout the life of the Project.

VDOT is responsible for funding a series of projects on Navy property, as described in the Memorandum of Agreement between the Virginia Department of Transportation and the Department of the Navy, Mid-Atlantic Region for the I-564 Intermodal Connector, Route 337 Underpass (Front and Back Gate), and Fleet Recreation Park, on June 28, 2006, and subsequent Amendment to Appendix A, dated December 21, 2012. However, in the event that a funding shortfall develops, the project elements would need to be analyzed and prioritized throughout the Corridor. Phasing of the project could be required as a way of ensuring that functional, stand-alone sections of the I-564 Intermodal Connector are constructed now, with the required commitments fulfilled in the future. The most critical connections from existing I-564 would be with the Virginia Port Authority and the new Gate 6 on the Naval Base. These connections would receive the highest priority and provide the greatest benefit to the public, with respect to the intent of the Project. In addition, there are two future projects planned for this area: the Air Terminal Interchange (ATI) and Patriot's Crossing. These upcoming VDOT projects will have elements that will be constructed within the project limits of the I-564 Intermodal Connector Project. Lower priority project elements from the I-564 Intermodal Connector Project could be deferred until these later projects are constructed, depending on the feasibility of meeting the applicable Navy requirements in those areas with only partial construction.

Another option to mitigate a shortfall in funds would be for VDOT to explore the use of another funding source to cover the shortfall. At this time, there is no available construction funding included in VDOT's Six Year Transportation Improvement Program for construction of the ATI and Patriot's Crossing.